

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2018 First Quarter Operating Results

Toronto, Ontario, May 10, 2018

All per share figures disclosed below are stated on a diluted basis.

For the three months ended March 31				
<i>(\$ in thousands, except per share amounts)</i>				
	2018		2017	
Net revenue	\$	41,516	\$ 38,618	
Operating earnings		10,504	12,458	
Net gains (losses) ⁽²⁾		(15,932)	25,871	
Net earnings (loss) attributable to shareholders ⁽²⁾		(6,208)	33,285	
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EBITDA ⁽¹⁾	\$	12,471	\$ 13,306	
Adjusted cash flow from operations ⁽¹⁾		8,764	10,122	
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Per share:				
Net earnings (loss) attributable to shareholders ⁽²⁾	\$	(0.23)	\$ 1.14	
EBITDA ⁽¹⁾		0.44	0.46	
Adjusted cash flow from operations ⁽¹⁾		0.31	0.35	
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As at				
<i>(\$ in millions, except per share amounts)</i>				
	2018		2017	
	March 31	December 31	March 31	
Assets under management	\$	29,457	\$ 27,250	\$ 26,967
Assets under administration		17,601	17,795	16,958
Shareholders' equity		624	634	605
Securities		648	652	636
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Per share:				
Shareholders' equity ⁽¹⁾	\$	21.98	\$ 21.88	\$ 20.58
Securities ⁽¹⁾		22.84	22.49	21.63

Effective January 1, 2018, the Company adopted a new accounting standard, International Financial Reporting Standard 9 - *Financial Instruments*, on a retrospective basis. As described in the Company's previous disclosures, this new standard introduces significant volatility into the Company's Net gains (losses) and therefore its Net earnings (loss). In reviewing the Company's results, in addition to considering Net earnings (loss), it may therefore be beneficial for readers to consider other measures, such as operating earnings and EBITDA⁽¹⁾, which provide views of the Company's results without the volatility introduced by the new standard. Prior period figures have been restated to reflect the retrospective application of the new standard.

The Company closed, on January 2, 2018, the previously announced acquisition of a 70% interest in Alta Capital Management, LLC ("Alta"), a Utah-based, investment management firm with \$3.2 billion USD in assets under management ("AUM"). The current quarter is the first reporting period to include the results of Alta.

The Company's operating earnings for the quarter ended March 31, 2018 were \$10.5 million, compared to \$12.5 million during the same quarter in the prior year. This decrease in operating earnings was due to several factors. Firstly, the operating earnings contribution from the MGA business decreased in the current quarter by \$1.5 million compared to the prior year. As previously reported, this was largely the result of the prior year's operating earnings being unusually high as insurance sales volumes were higher due to incoming tax changes. Secondly, operating expenses were higher in both the Investment Management and the Financial Advisory Segments. The Investment Management Segment incurred a one-time expense of approximately \$1 million related to the integration of Alta, and the Financial Advisory Segment incurred additional expenses related to its technology platform upgrade in the current quarter. Thirdly, operating earnings decreased in the Corporate Activities and Investments Segment by \$0.7

million, largely due to the deconsolidation of earnings from the Global UCITS fund. Finally, these were partially offset by the operating earnings contribution from Alta of \$1.9 million.

As a result of significant unrealized losses on securities, including the Bank of Montreal shares, the Company recognized \$15.9 million in Net losses in the current quarter, compared to Net gains of \$25.9 million in the prior year. In future periods, similar unrealized gains or losses will continue to be included in Net gains (losses) in arriving at the Company's Net earnings.

As a result of the Net losses described above, the Company is reporting Net losses attributable to shareholders in the current quarter of \$6.2 million, compared to Net earnings attributable to shareholders of \$33.3 million in the prior year.

The Company's AUM was \$29.5 billion as at March 31, 2018, compared to \$27.3 billion at the end of 2017 and \$27.0 billion as at March 31, 2017. The increase in AUM is due largely to the addition of \$4.2 billion (\$3.2 billion USD) in client assets managed by Alta, partially offset by an outflow of assets and negative financial market performance. The Company's assets under administration were \$17.6 billion as at March 31, 2018, compared to \$17.8 billion at the end of 2017 and \$17.0 billion as at March 31, 2017.

EBITDA⁽¹⁾ for the current quarter was \$12.5 million, or \$0.44 per share, compared to \$13.3 million, or \$0.46 per share for 2017. Adjusted cash flow from operations⁽¹⁾ for the current quarter was \$8.8 million, or \$0.31 per share, compared to \$10.1 million, or \$0.35 per share for 2017. These two non-IFRS financial measures used by the Company are defined in our quarterly and annual Management's Discussion and Analysis.

The Company's shareholders' equity as at March 31, 2018 was \$624 million, or \$21.98 per share, compared to \$634 million, or \$21.88 per share as at December 31, 2017, and \$605 million, or \$20.58 per share, as at March 31, 2017. The fair value of the Company's Securities as at March 31, 2018 was \$648 million, or \$22.84 per share, compared to \$652 million, or \$22.49 per share, as at December 31, 2017, and \$636 million or \$21.63 per share, as at March 31, 2017.

The Board of Directors has declared a quarterly eligible dividend of \$0.125 per share, payable on July 18, 2018, to shareholders of record on July 11, 2018.

The following table summarizes Guardian's financial results for the past eight quarters.

For the three months ended (\$ in thousand, except per share amounts)	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Net revenue	\$ 41,516	\$ 39,097	\$ 36,315	\$ 37,208	\$ 38,618	\$ 38,240	\$ 35,185	\$ 34,191
Operating earnings	10,504	13,046	10,505	12,160	12,458	12,371	10,646	10,300
Net gains (losses) ⁽²⁾	(15,932)	38,186	4,068	(3,603)	25,871	45,511	26,492	14,831
Net earnings (loss) ⁽²⁾	(5,279)	44,466	12,555	7,493	33,800	49,514	32,197	21,234
Net earnings (loss) attributable to shareholders ⁽²⁾	(6,208)	43,982	12,310	7,242	33,285	49,072	32,075	20,952
Shareholders' equity	623,511	634,416	608,013	603,428	605,039	580,177	545,339	513,939
Per Class A and Common share (in \$)								
Net earnings (loss) attributable to shareholders ⁽²⁾								
Basic	\$ (0.23)	\$ 1.59	\$ 0.44	\$ 0.26	\$ 1.21	\$ 1.74	\$ 1.13	\$ 0.74
Diluted	(0.23)	1.51	0.42	0.25	1.14	1.65	1.07	0.70
Shareholders' equity ⁽¹⁾								
Basic	\$ 23.27	\$ 23.20	\$ 21.87	\$ 21.75	\$ 21.81	\$ 20.75	\$ 19.11	\$ 18.08
Diluted	21.98	21.88	20.67	20.54	20.58	19.62	18.07	17.10
Dividends paid	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.100	\$ 0.085	\$ 0.085	\$ 0.085	\$ 0.085

Guardian Capital Group Limited is a diversified financial services company founded in 1962. The Company provides institutional and high net worth investment management services to clients; and services to financial advisors in its national mutual fund dealer, securities dealer, and insurance distribution network. Its Common and Class A shares are listed on The Toronto Stock Exchange.

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⁽¹⁾ The Company's management uses EBITDA and Adjusted cash flow from operations to evaluate and assess the performance of its business. These two measures do not have standardized meanings under International Financial Reporting Standards ("IFRS"), and are therefore unlikely to be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing the Company's results. The Company defines EBITDA as net earnings before interest, income taxes, amortization, stock-based compensation, net gains or losses and net gains or losses on securities held for sale, less amounts attributable to non-controlling interests. The Company defines Adjusted cash flow from operations as Net cash from operating activities, net of changes in non-cash working capital items and net of non-controlling interests. The most comparable IFRS measures are Net earnings (loss), which was \$(5,279) for the three months ended March 31, 2018 (2017 - \$33,800), and Net cash (used in) operating activities, which was \$(5,381) for the three months ended March 31, 2018 (2017 - \$(386)). The per share amounts for EBITDA, Adjusted cash flow (used in) operations, Shareholders' equity and Securities are calculated by dividing the amounts by diluted shares, which is calculated in a manner similar to the calculation of Net earnings available to shareholders per share.

More detailed descriptions of these non-IFRS measures are provided in the Company's quarterly and annual Management's Discussions and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.

⁽²⁾ Prior period figures have been restated to reflect the retrospective application of IFRS 15, which was adopted by the Company on January 1, 2018.